

A BUSINESS OWNER Becomes His Own Landlord

Chris Carlson Of Carlson Orthodontics

Chris Carlson knew it would make sense to purchase a building for his orthodontic practice, but running a busy business left him no time to handle the details of real estate. Titanium Partners did all the legwork to secure the location, negotiate a good rate, and even find a reputable second tenant to offset costs. The process went so well that he did it all over again when he expanded the company two years later.



Getting Started

In 2002, Dr. Carlson bought an orthodontics practice with locations in Duluth and Cloquet. His business continued to rent the buildings and invested its earnings into staff and equipment. Carlson himself was invested in a Roth IRA, a 401(k) stock portfolio, and a cash balance pension plan.

He knew fellow orthodontists were buying their buildings, so he kept that idea in the back of his mind. But it wasn't until he met Brian Forcier, co-owner of Titanium Partners, that he got more serious about it. The two met through mutual friends and over the next few years of social gatherings they occasionally talked business. When Carlson wanted to expand to Superior in 2014, Forcier suggested a new approach. Why not buy the building outright?

All The Details Taken Care Of

He explained that Titanium could take care of every detail, from finding a space and negotiating a price all the way to creating contracts and helping with taxes. For a busy orthodontist who had just brought on a business partner, this was great news. He realized that if Carlson Orthodontics was going to pay rent to a landlord anyway, that landlord might as well be him.

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He set up a separate LLC to own the building and Titanium Partners took care of the rest. They found potential sites, projected revenue and tax numbers, and handled the closing once Carlson selected his top choice. Then they supervised contractors during the build-out and even arranged for HR Block to rent out the other side of his building, providing him further income.

Carlson Pays Himself First

Now the building is earning enough rental income to pay 100% of its costs, including loan repayments. That means Carlson is gaining equity without spending a dime. At the end of his term he'll own the \$800,000 property outright, leaving him free to sell it or simply pocket the rent every month.

Doing It All Again

The first transaction went so well that when Carlson wanted to move to a larger location in Cloquet, he realized he wanted to own the building as well. So two years later, he asked Titanium Partners if they would help him find a new space. He got an SBA loan and after a small startup investment, that building is now also 100% self-funded.

Recommended To Others

Carlson is extremely positive on real estate investment and says he'd definitely recommend the practice to others.

"In my situation, where you're owning the business and renting out to yourself, it's a no brainer," Carlson says.



And the future may mean even more property for this entrepreneur. He says while he's happy running his orthodontics practice for now, he would definitely consider diversifying with more holdings as he gets older. From tenant to landlord—that's the beauty of real estate!